UNITED NATIONS

General Assembly

FORTY-NINTH SESSION

Official Records

FIFTH COMMITTEE
27th meeting
held on
Friday, 2 December 1994
at 10 a.m.
New York

SUMMARY RECORD OF THE 27th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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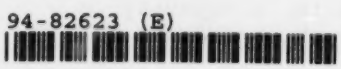
Distr. GENERAL
A/C.5/49/SR.27
16 December 1994

ORIGINAL: ENGLISH

94-82623 (E)



The meeting was called to order at 10.25 a.m.

AGENDA ITEM 111: PATTERN OF CONFERENCES (continued) (A/49/32, A/49/212, A/49/276 and Add.1-2 and A/49/531; A/C.5/49/2/Rev.1 and A/C.5/49/34 and Corr.1)

1. Ms. MENON (Singapore) said that her delegation wished to submit for initial consideration in informal negotiations a draft resolution, sponsored by 128 countries, on the question of facilities for bilateral meetings and contacts during sessions of the General Assembly. The objective was to facilitate, during the period of the general debate in the General Assembly, the bilateral meetings which had become a very useful means of helping to make the United Nations, in the words of Article 1 of the Charter, "a centre for harmonizing the actions of nations". The United Nations was an attractive venue for such meetings because it provided a neutral setting and because not all Member States had adequate meeting facilities in their mission premises. However, the huge increase in the membership of the United Nations had made the facilities quite inadequate.

2. The draft resolution requested the Secretariat to make improvements in the arrangements for the use of the Chinese and Indonesian lounges during the period of the general debate and to make other rooms available for bilateral meetings, for example, conference rooms A to E. The proposal would not involve any major renovation or addition to the United Nations building, only the provision of suitable furniture. The management of the facilities would also have to be addressed by the introduction of a reservation system to replace the current unsatisfactory "first come, first served" arrangement.

AGENDA ITEM 132: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/48/421 and Add.1, A/48/622, A/48/912 and A/48/945 and Corr.1; A/49/577 and A/49/664)

(a) FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS

(b) RELOCATION OF BELARUS AND UKRAINE TO THE GROUP OF MEMBER STATES SET OUT IN PARAGRAPH 3 (C) OF GENERAL ASSEMBLY RESOLUTION 43/232

3. Mr. OWADA (Japan) said that the importance of peace-keeping operations to the maintenance of the international order in the post-cold-war era would continue to increase as the international community sought to cope with regional instability and conflict. Peace-keeping operations had expanded so rapidly that there had not been sufficient time to engage in a comprehensive review of their administrative and budgetary aspects; as a result, stopgap measures had been necessary. A fundamental review of the system as a whole could no longer be deferred; there was an urgent need to improve the budgeting, planning and implementation of peace-keeping operations. His delegation had noted with concern the comment of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/49/664, para. 6) that the overwhelming impact of peace-keeping operations had seriously affected the Secretariat's capacity to manage and the General Assembly's capacity to oversee the work of the

Organization. The success or failure of efforts to develop a more rational system for the budgeting, financing and administration of peace-keeping operations would have a critical impact on the overall credibility of the Organization's activities.

4. Planning was critical to the effectiveness and efficiency of peace-keeping operations and the prior dispatch of a survey mission made a significant contribution to that process. In addition, when a peace-keeping mandate did not specifically cover humanitarian assistance, close coordination was essential between the two types of activity. It was important for the Department of Peace-keeping Operations and the Department of Administration and Management to strengthen their management capacity and improve their coordination with each other.

5. Peace-keeping operations could not be sustained without adequate financial resources. While it was important to guard against any uncontrolled expansion of the peace-keeping budget, Member States must fulfil their fundamental obligation to pay their assessed contributions. Unless they did so, any new measures relating to the financial authority to meet start-up costs would prove futile. Priority should be given to replenishing the Peace-keeping Reserve Fund at its original level to meet the start-up costs of any new or expanded operations.

6. Rationalization of the budgetary process, with the streamlining of the budget cycle, was also critical. His delegation supported an annual budget for peace-keeping operations, even when the requirements of an operation might fluctuate, provided that a review took place if the mandate was altered. It also supported the Secretariat's efforts to rationalize in other areas, including the improvement of the budget format, the development of a budget formulation manual and the expansion of the Standard Cost Manual.

7. With regard to personnel, he welcomed the progress made in the formulation of stand-by troop arrangements, which should facilitate deployment. As far as civilian personnel were concerned, it must be clearly recognized that new categories of peace-keeping operations, with their wide-ranging activities, required several types of international staff: personnel seconded from Member States and agencies, United Nations Volunteers, local staff and international contractual personnel. An appropriate system of personnel recruitment and management was therefore required. Coordination, as well as training and the provision of adequate equipment, would be extremely important in ensuring effectiveness and efficiency.

8. There was also a general need to promote transparency. The Secretariat should streamline recruitment and procurement procedures. Oversight and audit functions, both at Headquarters and in the field, must be strengthened; he hoped that the Office of Internal Oversight Services would make a positive contribution in that area. Some cases of irregularity and mismanagement had already come to light, and he would welcome an explanation.

9. His delegation commended the efforts to draft a multilateral convention to ensure the safety and security of United Nations personnel, and hoped that its effective implementation would contribute to that end. No differentiation should be made in that regard between peace-keeping and humanitarian operations.

10. The procedures governing reimbursement for contingent-owned equipment were in great need of rationalization, particularly since that issue had an important bearing on decisions by Member States to commit contingents. He welcomed the Secretariat's initiative in setting comprehensive standards for each category of equipment and establishing reimbursement rates. The issue of compensation for death and disability was a highly sensitive one, and every effort must be made to find a constructive solution.

11. Given the importance of the item under consideration, he hoped that the Committee would give it a high priority so that the administrative and financial management of peace-keeping operations would be improved without further delay. The current precarious situation, which adversely affected the Organization's credibility, must be remedied and a sound administrative and budgetary system set in place

12. Mr. LAMAMRA (Algeria), speaking on behalf of the Group of 77 and China, reaffirmed the responsibility of all Member States for the financing of peace-keeping operations and urged States to pay their assessed contributions in full and on time. The adverse impact of the deteriorating financial situation on the reimbursement of contributors of troops and equipment gave cause for concern. The reforms currently under consideration should lead to a more cost-effective mechanism and to greater accountability.

13. In general, the Group of 77 and China endorsed the Advisory Committee's recommendations. A distinction should be maintained between peace-keeping and humanitarian and development activities, so as to preserve the impartial character of the latter. He endorsed the comments on financing made by the Advisory Committee in paragraph 15 of its report (A/49/664), and noted that any decision to increase the level of the Peace-keeping Reserve Fund would not in itself alleviate the cash-flow problem. Moreover, any reform of the budgetary process must not detract from the prerogatives of the General Assembly.

14. The Group of 77 and China shared the concerns expressed by ACABQ that at any given time one or more peace-keeping operations were operating without legal financial authority. In the context of the rationalization of the budgetary process, more information should be provided regarding the political and financial implications of the system of annual cost estimates.

15. The Group of 77 and China endorsed the Advisory Committee's views regarding international contractual personnel and hoped that all recruitment for peace-keeping operations would respect the principle of equitable geographical distribution.

16. With respect to death and disability benefits, he said that, in accordance with the principle of equal treatment of Member States, no distinction should be

made among those who risked their lives in the cause of peace. He looked forward to the submission of proposals regarding reimbursement in respect of contingent-owned equipment and emphasized that any new arrangements should not be made retroactive.

17. He endorsed the recommendations of the Board of Auditors regarding the need for a comprehensive reform of the procurement process, with a view to securing a transparent and open system that would guarantee that the Organization got the best value for money.

18. Mr. MISHRA (India) said that the effective planning of peace-keeping operations would facilitate mission management. The Advisory Committee's suggestions in that regard merited further consideration. His delegation believed that a distinction should be maintained between peace-keeping and humanitarian activities, and that the latter should be financed through voluntary contributions.

19. The development of a rational system for the budgeting, financing and administration of peace-keeping operations was indeed important. The current cash-flow problems of the Organization arose primarily from the failure of Member States to pay their contributions in full and on time, and the situation would remain precarious until that situation was resolved. While his delegation was willing to discuss the level of the Peace-keeping Reserve Fund, it shared the Advisory Committee's reservations regarding its enhancement.

20. The proposal to increase commitment authority from the current limit of $10 million was justified, but his delegation could not agree to the assessment of one third of the preliminary financial estimates provided to the General Assembly. If the level of the commitment authority was raised to $50 million in each case, the cumulative amount could be very significant. It might therefore be more reasonable to set an upper limit for the authority of the Advisory Committee against which requirements in respect of new or expanded missions could be drawn.

21. An extended budget cycle and annual/semi-annual cost estimates would help to reduce the workload of the Secretariat and the Fifth Committee, although more information was required on the criteria for deciding which operations would have annual cost estimates. Consideration should also be given to the question of whether the Fifth Committee should decide upon cost estimates for peace-keeping operations in advance of Security Council decisions on their mandates.

22. He welcomed the development of a Standard Cost Manual. Equipment specifications were a critical element in determining standard costs and the manual should be subject to scrutiny by an intergovernmental group of experts. His delegation was not in favour of a consolidated budget submission for all peace-keeping operations; such operations should continue to be the subject of separate budgets. He welcomed the proposals for the strengthening of internal audit functions, and agreed that the use of resident auditors should be decided on a case-by-case basis.

23. On personnel issues, he said that, while there were reasonable grounds for having start-up rosters, more information was needed. A uniform set of arrangements would need to be developed in respect of limited duration appointments and full use should be made of national rosters. He shared the Advisory Committee's concern with regard to international contractual personnel; the recruitment of such personnel should be based on standard and transparent criteria, with due regard for geographical distribution. The system must not, however, lead to a parallel system of recruitment.

24. His delegation regretted the continued reluctance to heed appeals for equal treatment in respect of compensation for death and disability. No distinction should be made on the grounds of nationality or other criteria. He trusted that all Member States would understand the need for non-discriminatory provisions and take appropriate action at the current session.

25. India attached great importance to the question of contingent-owned equipment. Objective criteria should be established for determining reimbursement and they should then be applied uniformly to all countries and missions. With regard to the proposal for start-up kits, his delegation awaited detailed indications of feasibility and cost.

26. He shared the concern of the Board of Auditors with regard to procurement, which should be subject to international competitive bidding. Rosters of pre-qualified suppliers should be established on the basis of international tendering and should be regularly updated. The use of exigency provisions should be restricted. The Board's comments regarding conflict of interest in requisitioning departments were deeply disturbing. It was essential to reform the procurement system in order to introduce transparency and accountability.

27. With regard to the question of liquidation of assets, he said that all the assets of an operation should be used to meet its unliquidated obligations, priority being given to troop contributors. That would be one way of partially liquidating the liabilities, particularly since the special accounts of peace-keeping operations were invariably in deficit at the end of the mission.

28. Mr. BEYAEV (Belarus) said that Belarus had a fundamental interest in ensuring the effective use of the United Nations to prevent and settle conflicts and maintain a stable world order and it appreciated the contribution made by the Organization in the form of peace-keeping operations. It shared the growing concern, however, about the level of efficiency of peace-keeping activities at a time when their number and scope were increasing. It was particularly worrying that a rational system of budgeting, financing and administration had still not been established. Such a system was essential not only for the effective management of peace-keeping operations but also for the maintenance of the necessary trust between the policy-making and executive organs of the United Nations, the managers of the operations and Member States.

29. The reports of the Secretary-General contained a number of proposals which could form the basis for other improvements in the management of peace-keeping

operations, provided that account was taken of the recommendations of ACABQ. In particular, the Advisory Committee noted in paragraph 118 of its report (A/49/664) that no economy measures had been proposed by the Secretary-General. It was to be hoped that such measures would be proposed and implemented, for the issue was vital to any assessment of the management of resources and to the maintenance of trust.

30. In his report to the General Assembly at its forty-seventh session (A/47/484), the Secretary-General had raised the question of anomalies in the allocation of countries to the four groups set out in resolution 43/232 and had proposed measures to correct that obvious injustice, in particular through the relocation of States in the light of their ability to pay. Belarus and Ukraine were two States with a keen interest in an immediate decision on the question, for their assessed contributions to the costs of peace-keeping operations had always been too high. The whole issue should, in fact, be comprehensively reviewed.

31. In view of the economic difficulties experienced by Belarus and Ukraine, the General Assembly had acknowledged, at its forty-eighth session, that the question of their relocation to the group of Member States set out in paragraph 3 (c) of resolution 43/232 could be considered separately. The basic arguments in support of the position of Belarus had been set forth in the note verbale dated 12 August 1993 from the Ministry for Foreign Affairs of Belarus (A/48/315). Additional information had been provided by the delegations of Belarus and Ukraine during informal consultations.

32. The Government of Belarus was sincerely grateful to all those States which had supported General Assembly decision 48/472 concerning the non-applicability of Article 19 of the Charter, which had temporarily released Belarus from its obligations but did not provide a solution to the fundamental problem of its indebtedness. It therefore hoped that the Committee would take a decision on the relocation of Belarus and Ukraine before the end of 1994. It was ready to consider any new approaches to the apportionment of the costs of peace-keeping operations, but action must be taken quickly if the Organization's financial crisis was to be resolved.

33. Mr. LIAN (Norway), speaking on behalf of the five Nordic countries, said that they had taken part in almost all United Nations peace-keeping operations and were currently providing approximately 8 per cent of the total peace-keeping force in the field. The dramatic increase in the number of operations meant that the United Nations now spent three times more on peace-keeping than on the regular budget. The Nordic countries agreed with ACABQ that the impact of the peace-keeping operations had seriously affected the Secretariat's capacity to manage and the General Assembly's capacity to oversee the work of the United Nations and that the development of a rational system for their budgeting, financing and administration was crucial to management throughout the United Nations and the maintenance of the necessary trust between the Secretariat and the General Assembly (A/49/664, para. 6).

34. The financial crisis of United Nations peace-keeping operations would not have arisen if Member States had paid their contributions on time and in full. The Organization's ability to respond effectively to situations which threatened international peace and security was also hampered by the budget process, procedural requirements and the lack of an adequate managerial infrastructure. Member States now had an opportunity to correct that situation. The steps already taken by the Secretariat to improve its management capacity were welcome, but the task of catching up with the requirements had been made more difficult by the General Assembly's recent tendency to slice budgetary periods up into small pieces. The Nordic countries shared the concern of the Secretariat and the Advisory Committee about the consequent time-consuming reporting and approval arrangements. They therefore welcomed the new momentum for reform generated by the reports of the Secretary-General (A/48/945 and A/49/557) and of the Advisory Committee (A/49/664). Some of the questions raised warranted urgent decision, while others might benefit from lengthier consideration. The Nordic countries felt that the interpretation placed by ACABQ on the inclusion of humanitarian assistance in peace-keeping budgets might be too narrow; many of the peace-keeping operations had a basically, or partly, humanitarian rationale.

35. The Nordic countries had welcomed the establishment of the Peace-keeping Reserve Fund to provide start-up financing, but were concerned that the Fund had not yet been fully funded or used for the intended purposes. The Advisory Committee was right to argue that the establishment of further reserve mechanisms would not significantly alleviate the cash-flow problems and might merely increase the burden on those Member States which met their obligations. The Nordic countries agreed with the Advisory Committee that all existing reserve funds must be fully used, and with the Secretary-General's view that a reserve level of one third of the estimated costs would be appropriate.

36. Standard costing would make an important contribution to improved start-up financing and should be introduced for all stages of peace-keeping budgeting. Enhanced commitment authority for the Secretary-General and up-front assessment possibilities were vital means of improving cash flow at the start-up phase or for the expansion of missions. The Nordic countries generally supported the Secretary-General's proposals in that regard and had previously stated their willingness to provide commitment authority for one third of the preliminary estimates. They also shared the view of the European Union that there should be no commitment authority without apportionment of expenses. They noted the modifications proposed by ACABQ and looked forward to a fuller discussion of the question in informal consultations, as well as a discussion of the Secretary-General's recent proposal regarding the issuance of peace-keeping redeemable certificates.

37. The most urgent reform proposal before the Committee was the de-linking of the peace-keeping budget cycle from the mandate periods of the operations. That reform would give Member States and the Secretariat an approximate idea of future funding requirements, although assessment letters would continue to be issued in tandem with mandate renewals. Peace-keeping budgets could be considered once a year for most operations and once every six months for

operations with fluctuating requirements. The reform would also produce a radical reduction in the number of financial reports prepared by the Secretariat and considered by the General Assembly and ACABQ. The Nordic countries wholeheartedly supported the proposal.

38. Reimbursement for contingent-owned equipment was a vexatious issue which should now be given priority. For various reasons, no reimbursement had been paid out between 1987 and September 1994. The Nordic countries endorsed the Secretary-General's proposal for a standardization project and would be pleased to participate in the project and to provide supporting expertise.

39. The proposal for the establishment of a supply of start-up kits was very sound. The Nordic countries noted the ACABQ recommendation that a detailed report on the financing of such a facility should be provided at the current session and pointed out that posts at the United Nations supply facility at Pisa were funded from the regular budget.

40. The pilot project on the use of international contractual personnel in the United Nations Protection Force (UNPROFOR) had resulted in considerable economies, but the employment of such personnel also raised several questions. The pilot project should be evaluated so that a judgement could be made with regard to the continuation of the new procedures in UNPROFOR and the possible extension of the use of such personnel to other operations.

41. The Nordic countries agreed with the thrust of the proposals made by other Member States for modifications in the current system for the disposal of budgetary surpluses of completed operations, whereby States in arrears in respect of some operations would not have access to credits arising from budgetary surpluses in others. Appropriate changes should therefore be made in the Financial Regulations and Rules.

42. It should be remembered that, through their consideration of the financial and technical aspects of peace-keeping operations, Member States were striving to enable the United Nations to accomplish some of its most important goals more effectively. The questions before the Committee should therefore be given high priority and the Nordic countries were prepared to make their contribution to the reform process.

43. Mr. TAKASU (Controller) drew attention to the table describing the commitment authority status of peace-keeping missions which had been circulated to members of the Committee. It would be noted that commitment authority had expired for five of the operations; the Committee and ACABQ would have to take urgent action to provide legal and financial authority for their continuation. He awaited the Advisory Committee's guidance on that issue.

The meeting rose at 11.45 a.m.